

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment and Energy portfolio

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Hearing: Budget Estimates
Outcome: Outcome 3
Program: Australian Antarctic Division (AAD)
Topic: DBOM model
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Senator Xenophon asked:

Dr Gales: I think it is important in terms of context. It is certainly the case that the design, build, operate and maintain model—DBOM model—has not been used extensively for ships in Australian acquisitions. It has been used very widely for other large capital—

Senator XENOPHON: When was it last used for a maritime vessel?

Dr Gales: I am not sure I can give an exact instance.

Senator XENOPHON: Maybe there is no example.

Dr Gales: I would have to take that on notice.

Senator XENOPHON: Maybe there is no example in the Australian context.

Mr Thompson: We are going to take that on notice.

Senator XENOPHON: All right.

Answer:

The Department understands that Defence has recently procured vessels under a public private partnership procurement model with principles broadly similar to the design, build, operate and maintain procurement model. Through this process, DMS Maritime Pty Ltd have delivered the 83 metre submarine rescue ship *MV Besant* and the 93 metre submarine rescue ship *MV Stoker* since 2014, and the 91 metre aviation training platform *MV Sycamore* is being introduced into service. Each vessel has been built by Damen Shipyards Group in Vietnam to be operated and maintained by DMS Maritime Pty Ltd.

The Department understands that Commonwealth agencies such as Defence and Border Force generally operate their own vessels, and therefore the design build operate and maintain procurement model is generally not applicable to their needs.

The Department understands that the UK Royal Navy has procured vessels under a process broadly similar to the design build operate and maintain procurement model.

The Department has contracted DMS Maritime Pty Ltd to design, procure, supply, construct, test, commission, survey, launch, equip, trial, complete and deliver the Research Supply Icebreaker and the other deliverables to the Department, and to then operate and maintain the vessel and perform other obligations in accordance with the contract. Combining all of the phases into one contract enables the risks of the Project to be allocated to the party that is best able to manage these risks and incentivises the Contractor to allocate capital to drive the best value for money between the initial manufacture phase and the ongoing operations and lifecycle maintenance phase.

The Department acknowledges that, whilst common for major infrastructure projects, the single contract design, build, operate and maintain procurement model has not been used extensively for the procurement of maritime vessels.

In the late 1980's, the *Aurora Australis*, a research and resupply vessel with a steel hull of around 95 metre long, was built at Carrington Slipways in Newcastle under a public/ private arrangement, and was launched in 1989 to be an Australian flagged and commercially operated ship. Due to issues during the design phase, the Australian Antarctic Division had to accept a 15 metre reduction in the original 110 metre size of the *Aurora Australis*, which had a material impact to the operational capacity and capability.

The Department understands that since then, only a handful of vessels with steel hulls of broadly comparable size have been built in Australia to be an Australian flagged and commercially operated ship. Further, there have been relatively few vessels of comparable size or complexity built overseas intended to be Australian flagged and commercially operated ships.

In 2009, CSIRO commenced the replacement of their 66 metre *Southern Surveyor* with a new ocean-going research vessel *Investigator*, a 94 metre steel-hulled vessel of similar length to the *Aurora Australis*. CSIRO procured the vessel under a 'design and construct' model. The *Investigator* was being built in Singapore around the time the Department issued the request for proposal for the research supply icebreaker in 2013.